

Chapter 5—State Contribution Limits

Candidates seeking a state office and general purpose recipient committees that make contributions to state candidates are subject to contribution limits from a single source. The chart below shows the current limits of \$6,800 per calendar year (effective January 1, 2013 through December 31, 2014) for general purpose committees making contributions to state candidates.

Election Period: Contribution limits to candidates apply per election. The primary, general, special, and special run-off elections are considered separate elections. After an election, contributions may be made to candidate committees only if the committee has net debt.

Calendar Year: Contribution limits to officeholder committees and committees that make contributions to state candidates apply on a calendar year basis.

Contribution limits may increase or decrease every two years based on changes in the Consumer Price Index.

Note: This chapter does not apply to local committees. City and county general purpose recipient committees must contact the local jurisdiction to determine if local contribution limits or other restrictions apply. Links to local campaign finance ordinances are on the FPPC's website.

[Insert Contribution Limits Chart]

Notes:

- See Chapter 1 for the “small contributor committee” definition and requirements.
- “Person” includes an individual, proprietorship, firm, partnership, joint venture, syndicate, business trust, company, corporation, limited liability company, association, committee, and any other organization or group of persons acting in concert.
- Contributions from affiliated entities are aggregated for purposes of the limits. See Chapter 4 for information on aggregation.
- Loans are considered contributions subject to limits; however, if a loan has been repaid in full or in part, the lender may make additional contributions to the same committee up to the limit.

A. Receiving Contributions

A general purpose committee, including a small contributor committee and a political party committee, that makes contributions to state candidates and state officeholders, has a limit on how much it may accept from a single source in a calendar year.

A general purpose committee that pays for certain communications that identify state candidates may also be subject to the contribution limits even if it does not make contributions to state candidates. (See “Communications Identifying State Candidates” below.)

“All Purpose” and “Restricted Use” Bank Accounts

All Purpose Account. A committee that receives contributions for the purpose of making contributions to state candidates must establish a bank account for its state candidate contributions and title the account an “all purpose” account. The title “all purpose” alerts a

contributor that the committee is subject to a contribution limit. It also means that a contribution may be made to any California candidate or committee. In other words, it is an “all purpose” account for making legitimate expenditures.

Restricted Use Account. Funds in this account may include contributions received in excess of the contribution limits and may not be used for the purpose of making contributions to state candidates or to other committees for the purpose of making contributions to state candidates. These funds may be used for any other legitimate purpose, such as independent expenditures, contributions to local candidates, contributions to state and local ballot measure committees, voter registration, administrative costs, etc.

Checks drawn on the accounts must include “all purpose account” or “restricted use account” in the title of the account appearing on the checks. The funds may be used as described below:

Purpose	Bank Account
Contributions to State Candidates	All Purpose Only
Contributions to Ballot Measures	All Purpose or Restricted Use
Independent Expenditures	All Purpose or Restricted Use
Voter Registration	All Purpose or Restricted Use
Member Communications	All Purpose or Restricted Use
Mails, Phone Banks, TV and Radio Ads, Emails (Contributions to Candidates)	State – All Purpose Only Local – All Purpose or Restricted Use
Employee time for state candidate polling/canvassing	All Purpose
Renting Office Space	All Purpose or Restricted Use

When making contributions, the committee must notify the recipient whether the contribution is from the “all purpose” or “restricted use” account, or from some other account (e.g., administrative account).

[Quick Tip] It is not necessary to open a separate account if the committee never receives contributions in excess of the applicable limits or if the committee does not make contributions to state candidates or other committees that are subject to state limits. However, if the committee makes contributions to state candidates, the term “all purpose account” must appear in the title of the account appearing on the check.

[Examples] *The Committee for Californians United makes contributions to state candidates and has only one bank account. It received a contribution of \$3,000 on March 5 from Starr Lu. On April 10 of the same year, Starr contributed a second contribution of \$3,800. Since her total contributions during the calendar year to the committee equal \$6,800, Starr may not make additional contributions, including loans, to the committee until the following year, unless the committee opens a separate “restricted use” bank account.*

The California Council for Solar Energy established three separate PACs; a committee that will make contributions to state candidates, a small contributor committee (“SCC”), and a ballot measure committee. In a calendar year, a single contributor may contribute \$200 to the SCC, \$6,800 to the state candidate committee, and an unlimited amount to the ballot measure committee.

The California Landscape Employees’ Association transmits \$35 per month from each of its members to its political action committee. Because the committee does not receive contributions totaling more than \$6,800 per calendar year from a single source, it is not required to have more than one bank account. Contributions to state candidates and all other expenditures made by the committee may be paid from the account. When contributions are made to state candidates, the committee must include the term “all purpose account” on its checks.

[Quick Tip] Local and out-of-state committees (e.g., federal PACs) that make contributions to state candidates must do so from a bank account that does not receive contributions totaling more than \$6,800 from a single contributor in a calendar year. Instead of opening separate bank accounts (all purpose and restricted use), an entity may choose to establish separate committees to receive contributions in excess of the limits, such as an “issues” PAC for ballot measures.

B. Contributions that Exceed the Limits

A general purpose committee that makes contributions to state candidates may not accept and deposit contributions in excess of the limits into its “all purpose” account. Contributions that exceed the limits are not considered accepted if they are not deposited into the receiving committee’s bank account and are returned within 14 days of receipt. For nonmonetary contributions, the item itself, its monetary value, or the monetary amount by which the value of the nonmonetary contribution exceeds the limits must be returned within 14 days of receipt.

However, a general purpose committee that makes contributions to state candidates (other than a small contributor committee) may receive contributions in excess of the per calendar year limit (\$6,800 for 2013-2014) if the contributions are placed in the committee’s “restricted use” account. The committee may then transfer the allowable amount to be used for state candidate contributions to the “all purpose” account. The transfer must be made within 14 days of receiving the contribution.

Alternatively, some financial institutions may allow the committee to divide the contribution between accounts at the time of deposit. **No amounts in excess of the applicable contribution limit may be deposited in or transferred to the “all purpose” account.**

[Example] The Bay City Chamber of Commerce Political Action Committee has two bank accounts, one that it uses for making contributions to state candidates (“all purpose”) and a separate account for other expenditures that are not subject to contribution limits (“restricted use”). The committee receives a contribution check for \$20,000. The committee must deposit the check in its “restricted use” account and, within 14 days, it may transfer \$6,800 to the “all purpose” account.

[Quick Tip] A small contributor committee is prohibited from receiving more than \$200 per calendar year from any contributor.

C. Communications Identifying State Candidates

(Also known as “electioneering communications” or “issue ads”)

Some general purpose committees are subject to contribution limits even if they do not make contributions to state candidates. A committee may not receive a contribution of more than \$34,000 from a single source if the committee makes a payment or a promise of payment totaling \$50,000 or more for a communication that:

- Clearly identifies a state candidate;
- But does not expressly advocate the election or defeat of the candidate; and
- Is disseminated, broadcast, or published within 45 days of the candidate’s election; and
- Is made at the behest of the candidate featured in the communication. (Section 85310.)

[Example] The California Solar Energy “Issues” Committee pays \$300,000 for a television advertisement to oppose a state ballot measure. The ad includes a photograph of the State Controller who also opposes the measure, but the ad does not expressly advocate support of or opposition to the Controller’s election. The ad is broadcast during the 45-day period before the Controller’s election. If the ad was coordinated with or made at the behest of the Controller, the committee is subject to contribution limits and must file an E-530 report. (See Chapter 8 for additional information about the E-530 report.)

Once a committee receives a contribution over the limit, it may not make or promise to make a payment for a communication identifying a state candidate, as described above.

D. Making Contributions to State Candidates

For purposes of the contribution limits, the primary, general, special, and special runoff elections are considered separate elections. General purpose committees may contribute to a state candidate’s general or special general election prior to a primary or special primary election for the same office. If the candidate is defeated in the primary or special primary election, contributions received for the general or special general election must be returned to the contributors on a pro rata basis, less the cost of raising and administering the funds.

[Example] The California Council for Solar Energy’s state candidate PAC wants to make contributions to a candidate seeking an Assembly office in 2014. The PAC may make a contribution of \$8,200 (\$4,100 designated for the primary and \$4,100 for the general election). If the candidate is defeated in the primary election, the contribution for the general election must be returned to the PAC on a pro rata basis, less the cost of raising and administering the funds. The returned contribution will be reported by the PAC on Schedule I as a miscellaneous increase to cash.

An organization may act as an intermediary for contributions to state candidates and must identify to the candidate that it is acting as an intermediary. The contributions received and made as an intermediary are not assigned to the organization.

[Example] The Committee for Californians United collected contributions for Sharon Winston, a candidate for the State Senate. Contributors wrote checks of \$4,100 payable to the general purpose committee. The committee deposited the checks and then wrote one check to Ms. Winston’s campaign, providing her with the name, address, occupation, and employer of each contributor. The committee may also contribute \$4,100 to Ms. Winston’s campaign.

If a general purpose committee makes a contribution to a state candidate's campaign committee and the candidate subsequently transfers the contribution, in whole or in part, to another committee to run for a *different* state office, future contributions made by the general purpose committee directly to the candidate's subsequent committee are aggregated with the funds transferred by the candidate for purposes of the contribution limits.

[Example] Tom Davies has a committee to run for Assembly in 2014. A general purpose committee makes a contribution of \$4,100 to his committee for the general election. After the election, Mr. Davies decides to transfer \$2,500 of the general purpose committee's funds to his committee to run for State Senate in 2016. The \$2,500 transfer will count toward the amount the general purpose committee may contribute to Mr. Davies' Senate committee for the 2016 primary election.

If a general purpose committee makes a contribution to a state candidate's campaign committee and the candidate carries over the contribution to a committee for the *same* state office (e.g., from the primary to the general election for the same office or to the next election for the same office), those "carryover funds" are not required to be aggregated with future contributions made by the general purpose committee.

[Example] A general purpose committee made a contribution of \$3,900 (the 2012 limit) to an Assembly member's committee for the 2012 election. The Assembly member established a committee to run for the Assembly in 2014 and carried over \$100,000 from the 2012 Assembly committee to the 2014 Assembly committee. Although the general purpose committee's contribution was included in the "carryover" funds, the general purpose committee may still make contributions of up to \$8,200 to the 2014 Assembly committee (\$4,100 for the primary and \$4,100 for the general election).

Affiliated Committees Making Contributions to State Candidates

If an organization has both a regular general purpose committee (PAC) and a small contributor committee (SCC), and the contributions made are controlled by a majority of the same persons, the contributions from the two committees must be aggregated for the purpose of contribution limits.

[Examples] A chamber of commerce has a regular PAC and a SCC. The SCC made a contribution of \$13,600 to a 2014 Secretary of State candidate's committee. Assuming the committees' contributions are controlled by a majority of the same persons, the regular PAC may not make a contribution to the same candidate for the same election as the contributions must be aggregated and the SCC already contributed the maximum amount allowed per election.

If the chamber's regular PAC made a contribution of \$4,100 to a legislative candidate, the SCC may only make a contribution of \$4,100 to the same candidate for the same election because the contributions must be aggregated and the SCC limit for a legislative candidate is \$8,200 per election (2013-2014 limits).

E. After the Election – Contributions to State Candidates are Restricted

After the election, committees controlled by a state candidate for election purposes are prohibited from accepting contributions unless they have net debts outstanding from the election. The primary and general elections are separate elections for purposes of calculating net debt. The applicable contribution limits apply to contributions to pay net debt. See Campaign Disclosure Manual 1 (for State Candidates) for additional information about net debts outstanding.

[Example] Jordan Michaels was elected to the Senate in 2012 and his committee ended up with net debt outstanding after the election. A general purpose committee made a contribution of \$1,000 to his committee for the 2012 general election. The committee may make an additional contribution of up to \$2,900 (the limit in 2012 was \$3,900) toward Mr. Michaels' Senate committee's debt.

F. Making Contributions to State Officeholder Expense Account Committees

An elected state officer may establish a separate committee to receive contributions after the date of the election for the purpose of paying expenses associated with holding office. The committee name must include the name of the officeholder, the office held, the year of the election, and the words "officeholder account." For example, "Garcia Assembly 2014 Officeholder Account." The chart on page 5-1 shows the limits on contributions to officeholder committees.

Officeholder account contributions are subject to calendar year limits on both the amount a donor may give and the aggregate total the officeholder may raise. In addition, officeholder contributions must be cumulated (in full) with any other contributions from the same contributor(s) for any other future elective state office for which the officeholder maintains a controlled committee.

Contributions made to an officeholder account are counted toward and may not exceed the limits on contributions to a campaign committee the officeholder establishes for reelection or election to another state office. In order to determine the applicable contribution limit to an elected state officer's officeholder account, use the lower of the following:

- The calendar year contribution limits applicable to the officeholder committee on the chart, or
- The lowest per election contribution limit (the aggregate of the primary and general election limits) applicable to any future state office for which the officeholder maintains a controlled committee at any time during his or her term of office. When an officeholder files a statement of intent to run for a future state office, he or she must notify donors who have made contributions to the officeholder account.

Contributions to a state officeholder account must be made from a general purpose committee's "all purpose" bank account. A state officeholder may not receive new contributions to an officeholder account once the officeholder's term of office ends, or the officeholder leaves office, whichever is earlier.

[Example] In February 2013, the CA Medical Technicians' PAC contributed \$3,400 from its "all purpose" account to Assemblymember Brenda Yee's officeholder committee. In June 2013, the

PAC received a notice from Assemblymember Yee that she had filed a statement of intent to run for State Senate in 2014. The \$3,400 contribution to the officeholder committee will count toward the maximum amount the PAC may contribute to Ms. Yee's 2014 Senate committee.

G. When State Contribution Limits Do Not Apply

Ballot Measure Committees

A state or local ballot measure committee is not subject to contribution limits. A state candidate's controlled ballot measure committee may not make a contribution to a state candidate's election committee.

Exception: State candidates and officeholders may not make contributions to any committees controlled by other state candidates in excess of \$4,100, including a state candidate's ballot measure committee. This limit applies on a per election basis and includes, in the aggregate, contributions made from the candidate's or officeholder's personal funds and from campaign funds.

Legal Defense Committees

Candidates and officeholders may establish a legal defense fund to defray attorneys' fees and other related legal costs incurred for the candidate's or officeholder's legal defense arising directly out of the conduct of an election campaign, the electoral process, or the performance of the officeholder's official duties. Such committees must have "legal defense" and the name of the candidate or officeholder in the name of the committee. Contributions to a state candidate's legal defense fund are not subject to contribution limits.

Exception: State candidates and officeholders may not make contributions to any committees controlled by other state candidates in excess of \$4,100, including a state candidate's legal defense committee. This limit applies on a per election basis and includes, in the aggregate, contributions made from the candidate's or officeholder's personal funds and from campaign funds.

Recall Committees – State Elected Officer Who is the Target of a State Recall

An elected state officer who is the target of a state recall may establish a committee to oppose the qualification of the recall measure or the recall election. Such committees must have the word "recall" and the name of the target officer in the name of the committee. Contributions to a state target officer's recall committee are not subject to limits. However, contributions to a *replacement* state candidate's committee are subject to the applicable limits. See Campaign Disclosure Manual 3 (for ballot measure committees) for additional information about recall elections.

Exception: State candidates and officeholders may not make contributions to any committees controlled by other state candidates in excess of \$4,100, including a state candidate's controlled committee opposing a recall. This limit applies on a per election basis and includes, in the aggregate, contributions made from the candidate's or officeholder's personal funds and from campaign funds.

H. Sponsored Committees – Administrative Payments

Payments for the establishment and administration of a committee made by the sponsor of the committee (see Chapter 1 for the definition of "sponsored committee") are not contributions to the committee, and therefore not subject to contribution limits; however, the committee must

report the payments. See Chapter 4 for additional information about payments for the establishment and administration of a sponsored committee, including how to report the payments. A sponsor's payments for fundraising activities are not considered administrative payments.

Answering Your Questions

- Q. If a labor union has both a small contributor committee and a committee that makes contributions to state candidates, may the small contributor committee contribute \$8,200 to an Assembly candidate's primary election and the other committee contribute \$4,100 to the same candidate's primary election?*
- A. No. Assuming both committees are sponsored by the same organization and a majority of the same persons control the contributions and expenditures made by both committees, they would be treated as one entity when determining the contribution limits. Thus, if the small contributor committee contributed \$8,200 to the candidate's primary election, the other sponsored committee would be prohibited from making any additional contributions.
- Q. If a sponsor has two committees, a ballot measure committee and a small contributor committee, can the sponsor receive one check for \$7,000 and deposit \$200 into the small contributor committee's bank account?*
- A. Yes. The committee should deposit the check into the ballot measure committee. The committee may then transfer up to \$200 to the small contributor committee. The transfer must be made within 14 days.
- Q. If a Federal PAC that is subject to the federal limit of \$5,000 per calendar year per source makes contributions to a California state candidate, does it need a separate "all purpose" account?*
- A. No. If all contributions to the federal PAC are under the \$5,000 federal limit, they are under the California limit of \$6,800, so a separate account is not required. The PAC should include "all purpose account" on its check to the California state candidate. The notation also helps state candidates ensure that they may deposit the funds.

Authority

The following Government Code sections and Title 2 regulations provide authority for the information in this chapter:

Government Code Sections

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| 82015 | <i>Contribution.</i> |
| 82025 | <i>Expenditure.</i> |
| 82027.5 | <i>General Purpose Committee.</i> |
| 82031 | <i>Independent Expenditure.</i> |
| 82043 | <i>Measure.</i> |
| 82047 | <i>Person.</i> |
| 82048.7 | <i>Sponsored Committee.</i> |
| 82050 | <i>State Candidate.</i> |
| 82051 | <i>State Measure.</i> |
| 84302 | <i>Contributions by Intermediary or Agent.</i> |
| 85203 | <i>Small Contributor Committee.</i> |
| 85204.5 | <i>Special Election Cycle and Special Runoff Election Cycle.</i> |
| 85205 | <i>Political Party Committee.</i> |

- 85301 *Limits on Contributions from Persons.*
- 85302 *Limits on Contributions from Small Contributor Committees.*
- 85303 *Limits on Contributions to Committees and Political Parties.*
- 85304 *Legal Defense Fund.*
- 85304.5 *Legal Defense Fund; Local Candidates and Elected Officers.*
- 85305 *Restrictions on Contributions by Candidates.*
- 85307 *Loans.*
- 85310 *Communications Identifying State Candidates.*
- 85311 *Affiliated Entities; Aggregation of Contributions to State Candidates.*
- 85314 *Special Elections and Special Runoff Elections as Separate Elections.*
- 85315 *Elected State Officer Recall Committees.*
- 85316 *Post-Election Fundraising.*
- 85318 *Contributions Received for Primary and General Elections.*
- 85319 *Returning Contributions.*

Title 2 Regulations

- 18215 *Contribution.*
- 18215.1 *Contributions; When Aggregated.*
- 18225 *Expenditure.*
- 18419 *Sponsored Committees.*
- 18428 *Reporting of Contributions and Independent Expenditures Required to be Aggregated.*
- 18432.5 *Intermediary.*
- 18503 *Small Contributor Committees.*
- 18530.4 *Legal Defense Funds – State Candidates and Officers.*
- 18530.45 *Legal Defense Funds—Local Candidates and Officers.*
- 18531 *Return of Excessive Contributions.*
- 18531.2 *Refunding General Election Contributions.*
- 18531.5 *Recall Elections.*
- 18531.10 *Communications Identifying State Candidates.*
- 18531.62 *Elected State Officeholder Bank Accounts.*
- 18534 *Required Committee Bank Accounts.*
- 18535 *Restrictions on Contributions Between State Candidates.*
- 18536 *Transfer and Attribution of Contributions.*
- 18537 *Contribution Limits and Application to Repaid Loans.*
- 18544 *Campaign Contribution and Voluntary Expenditure COLA Formula.*
- 18545 *Contribution Limits and Voluntary Expenditure Ceiling Amounts.*